T. Rowe Price®

T. Rowe Price Funds SICAV

US LARGE CAP VALUE EQUITY FUND

Seeking companies with hidden value and upside potential

Fund snapshot

- An actively managed, best ideas portfolio of around 70-80 US large cap value companies.
- Focuses on companies with hidden value and upside potential that we believe are overlooked by the market.
- Seeks to uncover high-quality companies with effective management teams where we believe they can materially improve the business.

Asset class	US equities
Benchmark*	Russell 1000 Value Net 30% Index
Inception	June 2001
Portfolio Manager	Gabe Solomon
Style	Large-cap value
No of holdings	70-80
ISIN	LU0885324813 (Q USD) LU0133100338 (I USD)

*The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

Fund overview

"I want to take a longer-term investment horizon, typically three to five years, to try and build value for clients. This time frame is important as it enables me to lean into controversy and to take contrarian positions when the risk/reward balance looks appealing. This is a fund that really allows me to do that." **Gabe Solomon** | Portfolio Manager

The US Large Cap Value Equity Fund seeks to invest in companies with solid businesses, strong balance sheets and durable earnings profiles that are trading below their intrinsic value. For this fund, we follow a relative value approach, aiming to identify high quality companies that are trading at discounted valuations relative to their history, sector or the broader market. We balance our valuation analysis with qualitative factors to identify the most compelling valuation opportunities or companies whose earnings power, in our view, is underappreciated by the broader market.

We aim to build a diversified portfolio of our best ideas that we can invest in for the longer-term, typically between three to five years. This time frame allows for the full exploitation of valuation anomalies and is a critical component of added value.

Reasons to consider this fund

Hidden quality

Our active, relative value approach seeks to identify and capitalise on valuation anomalies that can arise across a universe of higher-quality companies.

Upside potential

We believe, that by taking contrarian positions where the risk/reward balance looks appealing and investing for the long term, this fund can offer clients a diversified source of repeatable alpha.

Value heritage

Investing in value portfolios since 1985, we believe our experience and resources help generate differentiated fundamental insights that contextualise the valuation appeal, leading to the timely identification of the most compelling opportunities.

The continued appeal of value investing

Quick takeaways

- Value investing exploits the fact that companies' intrinsic value may not be recognised in the current stock price.
- Investor behaviour and overreactions in market sentiment continue to create interesting opportunities for active value managers in US equities.
- A fundamental shift in the economic landscape appears to be underway which could prove highly supportive of value.

A distinct investment approach

Value investing is a tried and tested approach, which rests on the fundamental principle of identifying companies whose intrinsic value is not reflected in the current stock price.

A clear example demonstrating the fundamental support of value investing is the fact that the volatility of a company's share price is often far higher than the volatility of the company's underlying dividends and earnings, reflecting the regular – and sometime extreme – swings in investor sentiment.

Market inefficiencies create opportunities

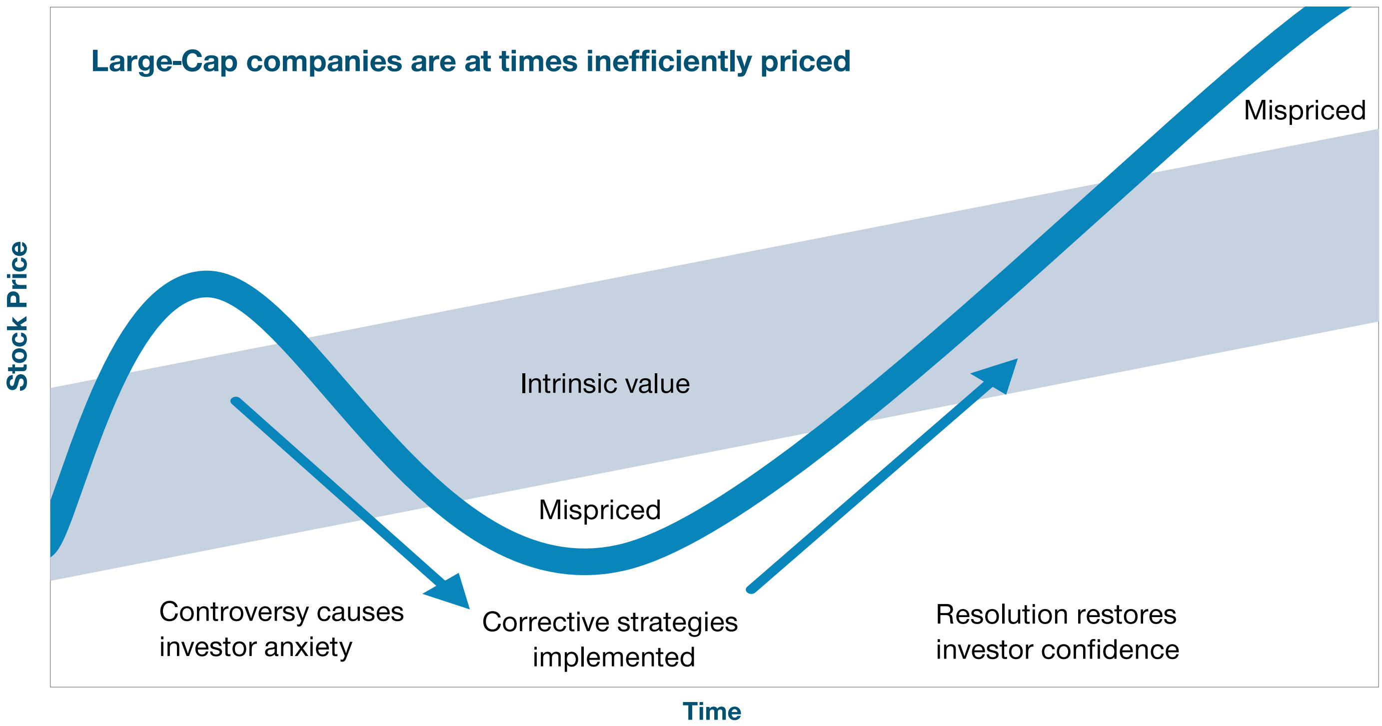
In aggregate, investors are often overly focused on recent business successes, chasing the latest momentum stocks. Investors often extrapolate recent earnings growth well into the future, effectively overpaying for company earnings that ultimately do not appear. Conversely, investors are often too pessimistic on companies facing short-term challenges but with the ability to recover their business success. The recent structural decline in investors' risk tolerance and time horizons, and the increasing pressure on investment managers to outperform, have only exacerbated these behavioural trends. Taken together, these market inefficiencies continue to generate attractive valuation anomalies for the active investor.

Better times for value ahead?

We believe we are moving from a world of disinflation, low rates, and elevated valuations to one of higher trend inflation, rising rates, and consequently lower valuations. This would mark a fundamental shift in the landscape that we have become accustomed to since the Global Financial Crisis — and it's an environment that we believe could prove highly supportive of value, as investors refocus on the appeal of near-term cash flows and valuations.

Yet, regardless of market direction, we believe that selectively investing in high-quality companies which are trading at attractive valuations and maintaining a long-term horizon to give them time to reach their full potential, remains a prudent approach to generate consistent outperformance over the long term. An investment approach emphasising valuations, sound financial health, the potential for fundamental improvement, and capable management teams should continue to prove a winning combination.

Fig. 1: Value distortions and investor psychology



Our Investment Approach

Quick takeaways

- We take a relative value approach, seeking to opportunistically identify fundamentally sound companies that we believe are mispriced.
- Quantitative valuation screens are balanced with qualitative analysis to more fully assess the potential for fundamental improvement and enhanced investor perception.
- The resulting portfolio is well-balanced and broadly diversified, which helps to manage portfolio risk and generate more consistent results.

We focus on relative value relationships to identify higher quality large-cap US companies that – in our view – are not fully appreciated by the market. Our experienced in-house research teams focus on identifying investment candidates with earnings, revenues, and dividend streams that appear inexpensive relative to their history, sector or the market as a whole.

Our investment approach is designed to:

1.	Spot opportunities in neglected high quality companies as they arise	We employ on the ground forward-looking research in local industries to identify and understand companies involved in controversy
2.	Understand the catalysts for recovery, and likely timing	We seek to understand if, how and when management can address issues, and whether the company's balance sheet can support its operations in the meantime
3.	Make high-conviction investments in the right companies at the right time	We seek to invest before these opportunities become mainstream in investors' consciousness

Proprietary, fundamental research is our most important source of support for value-added active management. Above all other sources, we rely most heavily on in-house research, and in terms of the number of research analysts, we feel we have made one of the strongest commitments in the industry. We believe their ability to generate differentiated insights provides us with a material competitive edge.

Finally, having the ability and patience to take a longer-term investment horizon when selecting stocks, typically three to five years or more, helps us to look beyond the short-term "noise" and focus on the longer-term potential.

A diversified portfolio of US value stocks

The fund invests mainly in a diversified portfolio of large cap stocks, focusing primarily on those companies with a market cap greater than US$9 billion.

We aim to maintain a core-value portfolio of high-quality value stocks but will also pursue attractive risk/reward opportunities in cyclical companies and 'deep-value' turnaround situations held at sizes appropriate for their risk profile.

Sector and industry weightings are a residual of our bottom-up stock selection process. In some instances, we may have a macro view that modestly influences sector and industry weightings, but that is a qualitative, not quantitative, judgement.

We seek to manage the portfolio with a balanced view of risk versus return opportunities. Diversified exposure to a broad range of industries helps to manage portfolio risk and generate more consistent results.

Holdings	70-80
Position size range	Up to 5%, typically <3%
Benchmark*	Russell 1000 Value Net 30% Index
Cash level	Typically 0-2%
Expected turnover	20%-30%
Sectors	0.5x–2x Russell 1000 Value sectors
Market cap	Typically >US$9bn

* The manager is not constrained by the fund's benchmark, which is used for performance comparison purposes only.

Risks

The following risks are materially relevant to the fund:

Small and mid-cap risk – Small and mid-size company stock prices can be more volatile than stock prices of larger companies.
Style risk – May impact performance as different investment styles go in and out of favour depending on market conditions and investor sentiment.
Volatility risk – The performance of the fund has a risk of high volatility.

General fund risks

Equity risk – Equities can lose value rapidly for a variety of reasons and can remain at low prices indefinitely. **ESG and Sustainability risk** – May result in a material negative impact on the value of an investment and performance of the fund. **Geographic concentration risk** – May result in performance being more strongly affected by any social, political, economic, environmental or market conditions affecting those countries or regions in which the fund's assets are concentrated. **Investment fund risk** – Investing in funds involves certain risks an investor would not face if investing in markets directly. **Management risk** – The investment manager or its designees may at times find their obligations to a fund to be in conflict with their obligations to other investment funds they manage (although in such cases, all portfolios will be dealt with equitably). **Market risk** – Prices of many securities change daily and can fall based on a wide variety of factors. **Operational risk** – Operational risk may cause losses as a result of incidents caused by people, systems, and/or processes.

Important information

The Fund is a sub-fund of the T. Rowe Price Funds SICAV, a Luxembourg investment company with variable capital which is registered with Commission de Surveillance du Secteur Financier and which qualifies as an undertaking for collective investment in transferable securities ("UCITS"). Full details of the objectives, investment policies and risks are located in the prospectus which is available with the key investor information documents in English and in an official language of the jurisdictions in which the Funds are registered for public sale, together with the articles of incorporation and the annual and semi-annual reports (together "Fund Documents"). Any decision to invest should be made on the basis of the Fund Documents which are available free of charge from the local representative, local information/paying agent or from authorised distributors. They can also be found along with a summary of investor rights in English at www.troweprice.com. The Management Company reserves the right to terminate marketing arrangements.

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